

United States Senate  
WASHINGTON, DC 20510-4504

COMMITTEES:  
BUDGET  
ENERGY AND NATURAL RESOURCES  
ENVIRONMENT AND PUBLIC WORKS  
HEALTH, EDUCATION, LABOR,  
AND PENSIONS  
VETERANS' AFFAIRS

March 24, 2009

The Honorable Hilda Solis  
Secretary  
U.S. Department of Labor  
200 Constitution Avenue, NW  
Washington, D.C. 20210

Dear Secretary Solis:

I am writing to request your assistance in solving a very costly and harmful problem that is the result of inadequate oversight by the last administration. Indeed, the former administration failed to properly enforce important rules regarding payments of millions of dollars to overseas contractors for workers' compensation costs.

A little known law, the Defense Base Act, requires U.S. military overseas contractors to provide workers' compensation insurance. The large number of defense contractor employees in Iraq has resulted in a huge increase in overall workers' compensation insurance costs - costs that are borne by the Department of Defense (DOD) and ultimately the taxpayers. The U.S. Army and the Government Accountability Office audits have called into question the annual price tag of hundreds of millions of dollars for this insurance, as well as the oversight of the insurance payments. This is not a question of whether the compensation is deserved by the individuals who may suffer injury or death in the workplace. The key issue is whether contractors and insurance companies are charging premiums way beyond what is reasonable.

As with many Iraq and Afghanistan War contracts, Department of Labor - which has a key oversight role for workers compensation - and DOD have not adequately supervised or administered these wartime insurance premiums. It is my hope that under your leadership, the Department will not only improve oversight, but will also bring about some much needed improvements to the program. Clearly a first step would be to provide more transparency in the program and the amount of money involved.

The problems with the Defense Base Act program enforcement is not just about reigning in costs, but ensuring the program works. Without a doubt, worker compensation payments to deserving workers and their families should be made. It is unclear, however, how well the insurers handle the payments and whether those deserving receive the payments quickly and fairly.

Thank you. I look forward to working with you on this important issue.

Sincerely,



Bernard Sanders  
United States Senator